



State of Utah

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GARY R. HERBERT
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Department of Workforce Services

KRISTEN COX
Executive Director

CHRISTOPHER W. LOVE
Deputy Director

GREGORY B. GARDNER
Deputy Director

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Contact: Mark Knold 801-526-9458

Austin Sargent 801-526-9464

UTAH'S EMPLOYMENT SITUATION: SEPTEMBER 2008

Utah's nonfarm wage and salaried job growth for September 2008, as compared against September 2007, is estimated at 0.1 percent. August's employment growth rate has been revised down two-tenths to 0.1 percent. Approximately 1,800 new jobs have been created in the Utah economy over the past year, raising total wage and salary employment to 1,265,405.

Utah's other primary indicator of current labor market conditions, the seasonally adjusted unemployment rate, actually dropped two-tenths to 3.5 percent in September, but this can be attributed to minor surveying volatility and not an improvement in the job market. The August rate remains unchanged at 3.7 percent. Last September, the state's rate was 2.8 percent. Approximately 48,300 Utahns were considered unemployed in September, compared against 38,400 last September. The United States unemployment rate stayed unchanged at 6.1 percent.

Mark Knold, chief economist for the Department of Workforce Services, commented, "Is there consolation in saying that the Utah economy is doing a little better than the national economy, considering how bad the national economy has become? In the face of the current economic situation, we will take this "positive news". Utah's employment growth rate has largely fallen to zero. But that is better than the national picture, where the economy is into its sixth month of declining employment. Utah's unemployment rate still remains low, showing that our labor market is not in a stressful situation. Keeping people employed is the tonic that will keep the Utah economy from slipping over the edge and into an environment that will feel and resemble the national recession. The recent national economic meltdown makes me wonder whether Utah will be able to continue to keep its job creation machine functioning. The seizing up of the financial markets may be even more than the Utah economy will be able to bear."

Utah's economy is still largely all about residential construction and its dramatic fall of the past year. The decline began in earnest last September, so it has been a year since the Utah housing market went dormant. Since the decline's onset is now 12 months behind us, the pace of construction's further declines will now begin to moderate. Instead of declining at an accelerating rate, such as moving from 5 to 10 to 15 percent, the percentage decline will now start to decelerate, moving from 15 to 10 percent and so on. Does that mean the construction industry will be growing again? No, job declines will still be there, just progressing at a slower pace. Eventually this industry will grow again, but that doesn't seem to be a possibility for at least another year, and then probably even beyond that, for two reasons: residential construction will still be very sluggish next year and will not rebound in earnest until the housing price decline finds its bottom, and secondly; we don't see the nonresidential sector repeating its all-time highs of the past two years. So this segment of construction will also start to scale back,

Utah Labor Market Indicators September 2008

Employment Change: 0.1%
Employment Increase: 1,800
Unemployment Rate: 3.5%

United States

Employment Change: -0.4%
Unemployment Rate: 6.1%

maybe even dramatically, considering the current seizing up of the lending markets and the loss of financing.

Naturally, the financial sector is not doing well in the face of the ongoing credit panic (and panic it is when banks won't even lend money to each other). Financial employment expansion has been grinding to a halt over the course of the past year, and it is now shedding jobs from its Utah totals. Fortunately, Utah doesn't have a large "Wall Street" type exposure in its financial system, so a Bear Stearns and Lehman Brother-type mass job loss is minimal in Utah. The largest investment bank exposure Utah has comes from Morgan Stanley, and it is one of only two investment banks to have survived the panic—so far. But real estate companies, title companies, and mortgage lenders are all facing slowing business, and they, like construction, are tied to the housing market and having to ride out the housing price downturn and its yet-to-be-reached bottom.

The financial markets are currently down and not expected to resume being an economic stimulus for some time. Therefore, even more onus is now placed upon the consumer to keep spending and to keep the economy from sliding into a total collapse. That makes keeping people employed the key variable in the overall equation. To this point, Utah has been relatively fortunate that job losses are not pervasive, having been mostly confined to a few industries.

A 3.5 percent unemployment rate doesn't suggest much job loss stress in the labor market. There has been a significant increase in Utah unemployment claims and benefits paid so far this year, but when you are coming off of rock bottom (the levels of last year), any amount of increase will stand out, whether modest or extreme. When put in an historical context, Utah's unemployment claims are not out of line, but the upward trend in claims suggests higher unemployment rates as we move forward.

But the entire equation is vulnerable to the national economy and how it will fare over the next year. Will people be willing to take ski vacations? How much leisure traveling, and even business traveling, can Utah expect to see over the next year? Will Utahns be willing to take on new car purchases? Surely the purchase of boats, four-wheelers, and other "toys" will see declines as the "housing ATM" dries up. Will people continue to eat out, go to the theater, hop on a plane to visit friends, or upgrade the furniture and accoutrements of their homes? These questions and their uncertain answers make the retail trade sector, leisure and hospitality, transportation, and manufacturing sectors all vulnerable to possible (and in the case of manufacturing, continued) job losses going forward. At best, we can only hope these Utah industries will maintain what they currently have.

So what industry(s) will sustain the Utah economy, given the uncertainty going forward? Healthcare should be the strongest anchor. It has maintained 4-percent plus job growth rates per year across the past decade. This industry didn't even flinch during the dot.com recessionary downturn of several years ago, and unless something fundamental changes (and that is a remote possibility considering the current economic picture), this industry is expected to make it through this downturn with flying colors.

Government is generally another bulwark in troubled economic times, and will probably be so again. Government doesn't have the luxury of disappearing or scaling back much of its services. Societal needs actually increase during tough economic times, and government services usually step up. But governments generally need to borrow money to finance these tough times, and with the credit markets in complete turmoil, this raises questions about government's ability to fill its financial void.

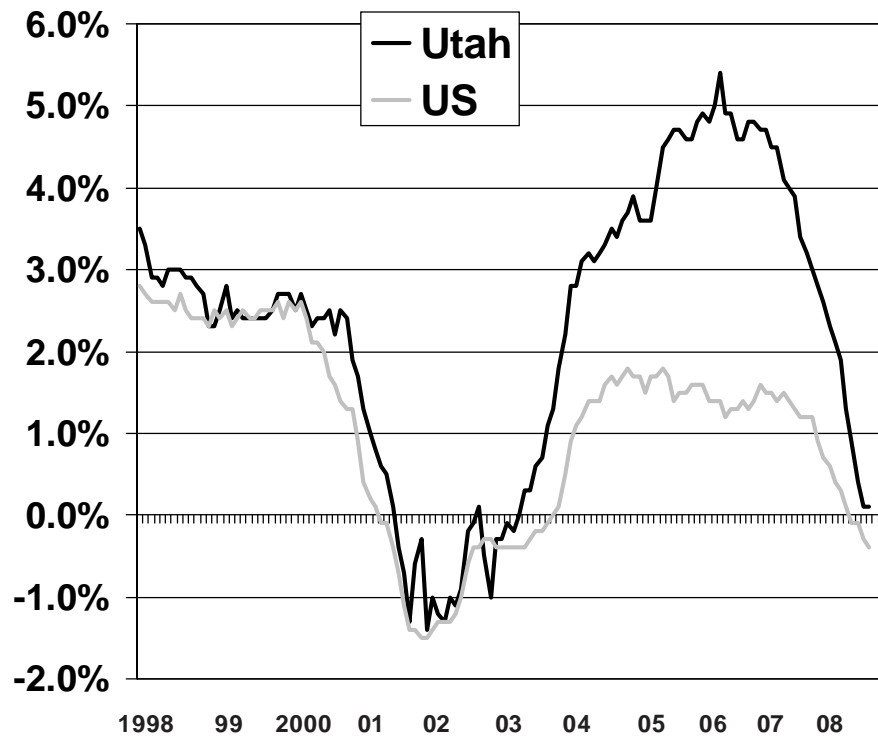
*** Utah's October employment numbers will be released at 9:00 a.m. on Tuesday, November 18, 2008.**

Utah Nonagricultural Jobs by Industry and Components of the Labor Force

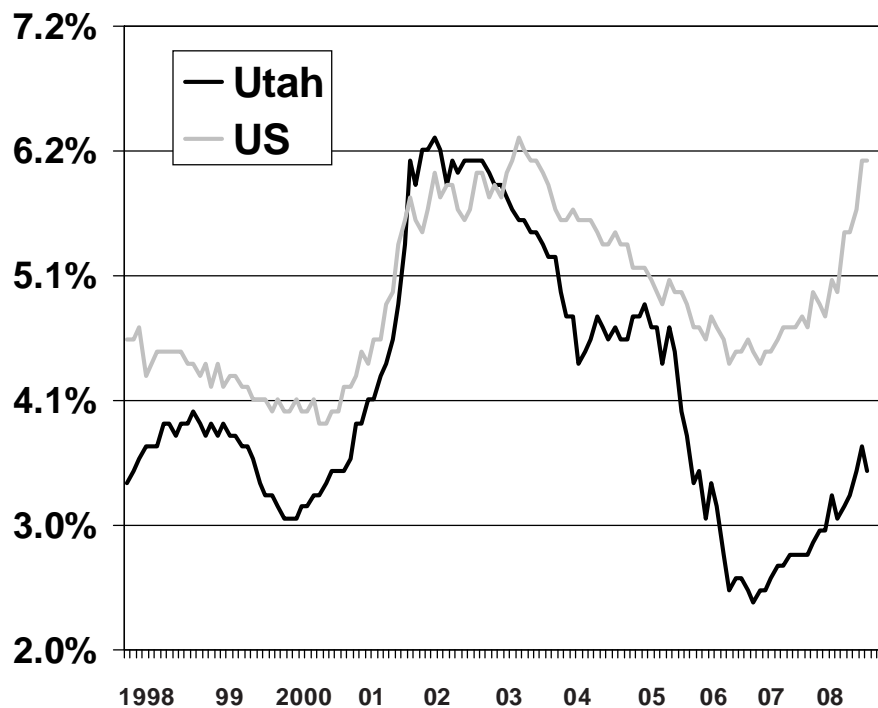
Numbers are in thousands	September(f) 2008	September 2007	Percentage Change	August(r) 2008	August 2007	Percentage Change
CIVILIAN LABOR FORCE (seasonally-adjusted)	1,387.4	1,372.6	1.1	1,383.5	1,368.5	1.1
Employed	1,339.1	1,334.2	0.4	1,332.9	1,330.7	0.2
Unemployed	48.3	38.4	25.8	50.6	37.8	33.9
Unemployment Rate	3.5	2.8		3.7	2.8	
NONAGRICULTURAL EMPLOYMENT (Thousands)	1,265.4	1,263.6	0.1	1,255.6	1,253.9	0.1
Not seasonally-adjusted						
GOODS PRODUCING	233.1	247.3	-5.8	235.2	249.5	-5.7
Natural Resources, and Mining	11.8	11.1	6.5	11.9	11.4	4.5
Construction	94.4	107.9	-12.5	95.5	109.6	-12.9
Construction of Buildings	19.2	22.8	-15.8	19.5	23.4	-16.7
Heavy and Civil Engineering	11.7	12.6	-7.4	11.7	12.7	
Specialty Trade Contractors	63.5	72.5	-12.4	64.3	73.5	-12.5
Manufacturing	126.9	128.3	-1.1	127.9	128.6	-0.5
Durable Goods	85.5	87.7	-2.5	86.2	87.9	-1.9
Primary and Fabricated Metals	16.7	16.6	0.7	16.7	16.5	1.1
Computer and Electronic Products	13.3	13.0	2.2	13.3	12.9	3.0
Transportation and Equipment Manufacturing	14.2	14.4	-1.8	14.3	14.5	-1.7
Non-Durable Goods	41.4	40.6	1.9	41.7	40.7	2.4
SERVICES PROVIDING	1,032.3	1,016.1	1.6	1,020.4	1,004.2	1.6
Trade, Transportation, and Utilities	250.9	246.8	1.6	250.3	246.8	1.4
Wholesale Trade	48.9	47.6	2.8	49.1	47.8	2.7
Retail Trade	150.4	148.5	1.3	150.4	148.6	1.3
Motor Vehicle and Parts Dealers	19.1	19.0	0.4	19.4	19.1	1.4
Food and Beverage Stores	25.1	24.1	4.0	24.7	24.0	3.1
General Merchandise Stores	28.4	27.8	2.2	28.0	27.7	0.9
Transportation and Utilities	50.9	50.7	0.3	50.8	50.5	0.7
Utilities	4.2	4.1	0.5	4.2	4.1	1.7
Transportation & Warehousing	46.8	46.6	0.3	46.6	46.3	0.6
Air Transportation	7.0	7.1	-0.8	7.0	7.0	0.1
Truck Transportation	19.4	19.2	1.1	19.4	19.2	0.7
Information	31.8	32.3	-1.8	32.3	32.9	-1.6
Publishing Industries	10.1	9.9	1.5	10.1	10.0	1.3
Motion Picture and Sound Recording	4.3	4.1	5.1	4.5	4.5	0.9
Telecommunications	6.1	7.1	-14.7	6.1	7.2	-15.6
Internet Service Providers	5.2	5.0	4.3	5.3	5.0	5.5
Financial Activities	73.4	74.4	-1.4	74.0	75.0	-1.4
Finance and Insurance	55.3	55.9	-1.0	55.7	56.4	-1.2
Real Estate and Rental and Leasing	18.0	18.5	-2.5	18.3	18.7	-2.3
Professional and Business Services	164.3	162.7	1.0	165.4	163.8	0.9
Professional, Scientific, and Technical Services	68.4	65.0	5.1	68.9	65.4	5.4
Architectural, Engineering, and Related	14.0	13.5	3.4	14.2	13.7	3.5
Computer Systems Design and Related	16.2	14.9	9.3	16.2	14.8	9.5
Management of Companies and Enterprises	20.5	20.5	0.3	20.8	20.7	0.3
Administration & Support						
& Waste Management & Remediation	75.4	77.2	-2.3	75.7	77.7	-2.7
Employment Services	21.9	24.8	-12.0	21.8	24.4	-10.7
Business Support Services	15.7	15.6	1.0	15.9	15.8	0.4
Education and Health Services	148.7	142.4	4.4	143.7	137.4	4.6
Educational Services	32.9	32.2	2.2	28.3	27.7	2.2
Health Services and Social Assistance	115.8	110.2	5.0	115.4	109.7	5.2
Ambulatory Health Care Services	47.3	44.5	6.2	47.0	44.3	6.2
Hospitals	30.9	29.8	3.8	31.0	29.7	4.4
Nursing and Residential Care Facilities	21.6	20.6	5.0	21.6	20.6	4.9
Social Assistance	16.0	15.3	4.2	15.7	15.1	4.0
Leisure and Hospitality	116.0	113.1	2.6	118.2	115.5	2.3
Arts, Entertainment, and Recreation	17.9	17.2	4.2	19.2	18.5	3.9
Accommodation and Food Services	98.1	95.9	2.3	99.0	97.0	2.0
Accommodation	18.6	18.0	3.4	19.0	18.4	3.1
Food Services and Drinking Places	79.5	77.9	2.0	79.9	78.6	1.8
Other Services	35.9	35.8	0.3	36.8	36.7	0.4
Government	212.1	208.6	1.7	199.7	196.0	1.9
Federal Government	34.9	35.5	-1.6	35.7	36.0	-0.7
Federal Defense	15.5	16.1	-3.7	15.7	16.1	-2.8
Other Federal Government	19.4	19.4	0.1	20.0	19.8	1.1
State Government	64.5	64.0	0.7	61.1	60.4	1.0
State Schools	36.2	35.6	1.6	32.9	32.3	1.8
Other State Government	28.3	28.4	-0.4	28.2	28.1	0.1
Local Government	112.6	109.0	3.3	102.9	99.6	3.3
Local Education	63.0	61.2	2.9	52.5	51.0	2.9
Other Local Government	49.7	47.8	3.9	50.4	48.5	3.8

Source: Utah Department of Workforce Services f = forecast r = revised October 14, 2008

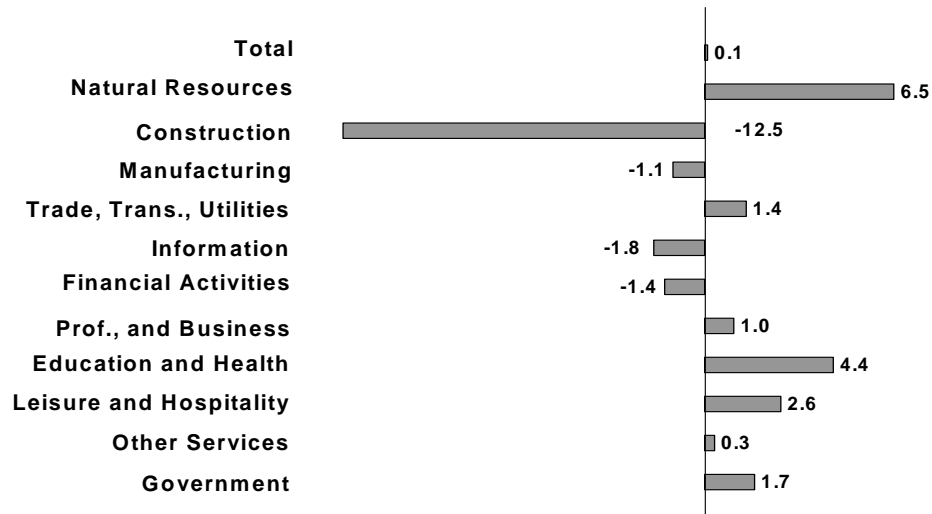
Year-Over Percent Change in Nonfarm Jobs



Seasonally Adjusted Unemployment Rates

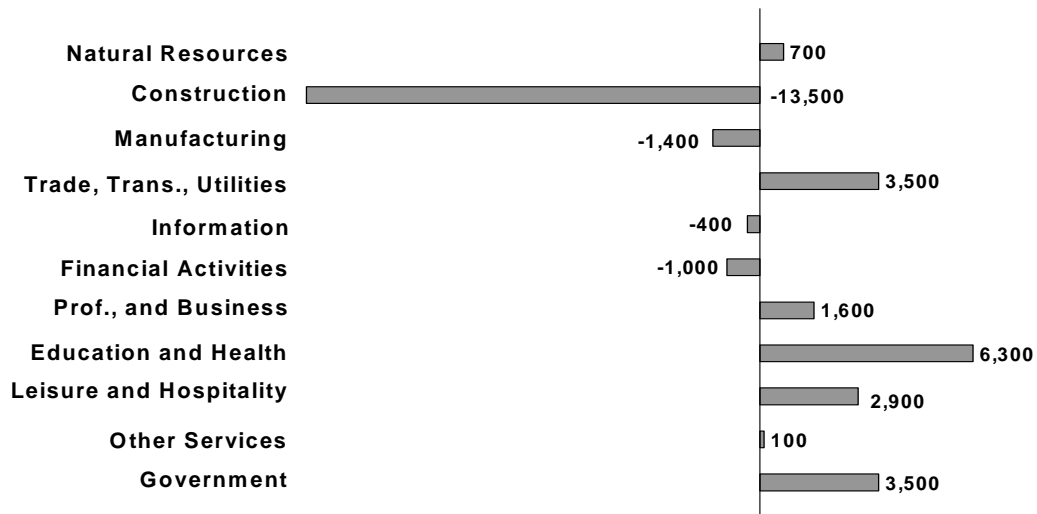


Utah Nonfarm Industry Profile (Percent Change) September 2007 – 2008



Source: Utah Department of Workforce Services

Utah Nonfarm Industry Profile (Numeric Change) September 2007 – 2008



Source: Utah Department of Workforce Services

NONFARM EMPLOYMENT IN UTAH'S COUNTIES

	September 2008(f)	September 2007	Percent Change	August 2008(r)	July 2008(r)
State Total	1,265,405	1,263,629	0.1	1,255,596	1,248,408
Bear River	73,153	72,438	1.0	70,324	69,470
Box Elder	21,171	20,906	1.3	20,460	20,470
Cache	51,100	50,671	0.8	48,900	48,050
Rich	882	861	2.5	964	949
Wasatch Front	825,325	824,072	0.2	826,195	823,232
North	202,427	203,045	-0.3	202,679	203,327
Davis	104,707	104,393	0.3	104,967	105,637
Morgan	1,982	2,028	-2.3	1,992	1,952
Weber	95,738	96,624	-0.9	95,720	95,738
South	622,898	621,027	0.3	623,516	619,905
Salt Lake	606,891	605,389	0.2	607,631	603,995
Tooele	16,007	15,638	2.4	15,885	15,909
Mountainland	215,620	216,932	-0.6	210,438	207,522
Summit	20,943	20,205	3.7	21,193	21,215
Utah	187,612	189,262	-0.9	182,598	179,721
Wasatch	7,065	7,465	-5.4	6,647	6,586
Central	25,995	25,536	1.8	24,988	24,514
Juab	3,734	3,838	-2.7	3,710	3,507
Millard	4,052	4,067	-0.4	3,955	3,959
Piute	356	382	-6.9	345	332
Sanpete	8,105	7,823	3.6	7,328	7,090
Sevier	8,584	8,269	3.8	8,466	8,434
Wayne	1,165	1,157	0.7	1,185	1,192
Southwestern	78,077	79,768	-2.1	76,400	77,034
Beaver	2,272	2,139	6.2	2,167	2,119
Garfield	2,799	2,647	5.7	2,868	2,861
Iron	17,046	17,248	-1.2	15,644	15,694
Kane	3,383	3,396	-0.4	3,474	3,444
Washington	52,578	54,338	-3.2	52,247	52,916
Uintah Basin	24,488	22,449	9.1	24,301	23,929
Daggett	460	552	-16.6	472	485
Duchesne	8,663	7,524	15.1	8,633	8,435
Uintah	15,365	14,373	6.9	15,196	15,008
Southeastern	22,747	22,434	1.4	22,949	22,708
Carbon	9,327	9,202	1.4	9,336	9,196
Emery	3,978	3,869	2.8	4,102	4,033
Grand	5,090	4,981	2.2	5,175	5,273
San Juan	4,353	4,382	-0.7	4,336	4,206

f = forecast r = revised but not final.

Note: Numbers have been left unrounded for convenience rather than to denote accuracy.

Source: Utah Department of Workforce Services, Workforce Information, 10/14/08